

Salesforce, Inc. NYSE:CRM

FQ1 2026 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates

	-FQ1 2026-			-FQ2 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	2.55	2.58	▲1.18	2.73	11.18	12.55
Revenue (mm)	9749.15	9829.00	▲0.82	10041.44	40844.39	44491.87

Currency: USD
Consensus as of May-28-2025 9:57 PM GMT

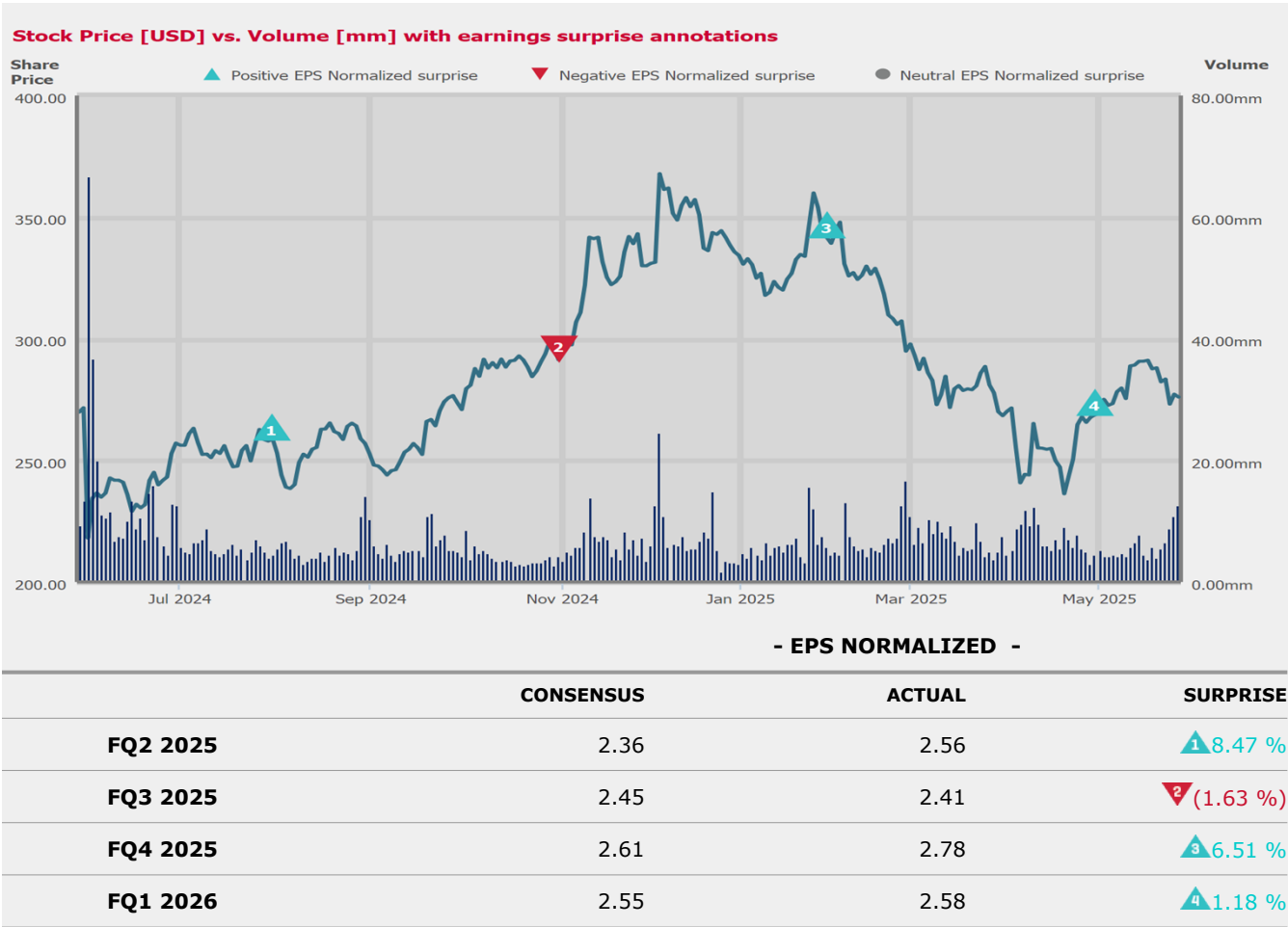


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Call Participants

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Presentation

Operator

Welcome to Salesforce First Quarter Fiscal 2026 Results Conference Call. [Operator Instructions] Also, this call is being recorded. And I would now like to hand the conference over to your speaker, Mike Spencer, Executive Vice President of Finance and Strategy and Investor Relations. Sir, you may begin.

Michael Spencer

Executive Vice President of Investor Relations

Thank you. Good afternoon, and thanks for joining us today on our fiscal 2026 first quarter results conference call. Our press release, SEC filings and a replay of today's call can be found on our website. Joining me on the call today is Marc Benioff, Chair and CEO; and Robin Washington, Chief Operating and Finance Officer. In addition, we also have Srinu Tallapragada and -- President, Chief Engineering and Customer Success Officer; and Miguel Milano, President and Chief Revenue Officer, joining us for the Q&A portion of the call.

Some of our comments today may contain forward-looking statements that are subject to risks, uncertainties and assumptions, which could change. Should any of these risks materialize or should our assumptions prove to be incorrect, actual company results or outcomes could differ materially from these forward-looking statements. A description of these risks and uncertainties and assumptions and other factors that could affect our financial results and outcomes is included in our SEC filings, including our most recent report on Forms 10-K, 10-Q and any other SEC filings. Except as required by law, we do not undertake any responsibility to update these forward-looking statements.

As a reminder, our commentary today will include non-GAAP measures. Reconciliations between our GAAP and non-GAAP results and guidance can be found in our earnings materials and press release.

And with that, let me hand the call to Marc.

Marc R. Benioff

Co-Founder, Chairman & CEO

All right. Hey, thanks so much, Mike. Really appreciate everything you're doing. And before I get into all of these exciting highlights from the quarter, there's so much to talk about. I just want to say a few words about Informatica. And I'm sure everybody knows I love Informatica. I've been working with this company since probably 2006. Sohaib Abbasi, former CEO last night, sent me a photo of me and him together at their user conference, and I'm so excited that we have signed this definitive agreement to acquire them for \$8 billion, which upon close is going to unite our #1 AI CRM and of course, their #1 AI MDM and ETL and bringing these things together, well, I couldn't be more excited about this acquisition.

I know that many people on the call know Informatica so well just like I do. You may not know everything that's happened with Informatica. I've followed it very closely. The way they've rewritten their product into the cloud, their incredible engineering leadership, especially some of their incredible new engineering centers and what they've built is just awesome. And I'll tell you that there's just a few technology companies I've just been more impressed with. In fact, we're a customer. We're a partner. We're an investor in Informatica. We really love the company. We love the people. We've loved the leadership.

And I have to say, we probably spent the last 20 years discussing how to bring the companies together. We spent a lot of time not only with their new CEO, but -- Amit, who's fantastic but with their engineering teams. And I even sent our group over to India to see what they were doing there, and it all led really to this incredible moment.

So it's an awesome acquisition for us. It's a transformational step. It's a great price for the company. This transaction -- and I think that Robin will get into this because we've been very focused on staying -- really in our acquisition framework, we spent a lot of time thinking about what is it going to take to buy a

company of scale, how much are we really willing to spend, are we willing to walk away like we did a year ago when numbers are not right. We just want to be as disciplined as possible.

And look, at the end of the day, I know all of you already know this, but this is a great price for a great company. It's got great multiples. It's accretive. It's nondilutive. It's coming together in an incredible way. And this is a moment where Informatica is more important to our customers than ever before because of what's happening with AI. And I think everyone who is going through an AI transformation, every business, including mine, we're going to talk about some great businesses that are going through transformations whether it's Pepsi or Falabella or OpenTable, et cetera, but every AI transformation is a data transformation. And you don't see it on the consumer side because when you're using a consumer AI, you have to remember that the data set has kind of been prefabricated for you. That is the training data and everything is put together. It's an amalgamated data set applied to this consumer AI model. That's not how an enterprise AI really works. You have to have your enterprise data together to get the result that you want.

And when you look at these very high functioning agents, and we'll talk about 1 that we have -- we have so -- I mean we've done now 7,000 or 8,000 Agentforce deals. I think we've got 4,000 paid Agentforce customers, is \$100 million in Agentforce ARR, \$1 billion and more than Data Cloud and Agentforce ARR. But when you look at these companies that are doing it right, they have got their data together. And that is what is really the key. This ability to unify or harmonize or activate all the data across the entire enterprise.

And if you can imagine this idea that you want to deploy all of this incredible agentic data, well, you've got to get your data right. And Informatica combined with Salesforce's Data Cloud, combined with Tableau, combined with other key assets that we're going to bring to bear, this is what is creating this incredible data business. And I mean, we have big goals for what -- how the size and scale that, that data business can get to. Robin will go through that in detail. And we will really work hard to advance this mission of Informatica to make sure that our customers' data is incredible.

So anyway, let me turn it over to Robin to give her perspective on Informatica, and then we'll get into the quarter.

Robin L. Washington

President, Chief Operating & Financial Officer and Director

Thanks, Marc. We're incredibly excited to welcome Informatica to Salesforce upon closing. Our responsible M&A framework that Marc just spoke to is a key pillar of our capital allocation strategy, and it's focused on 3 areas: customer success and strategic fit, acceleration, and value. Our acquisition strategy is methodical. It's patient and it's decisive, targeting transformative assets like Informatica when the calculus aligns to maximize customer success.

You already heard from Marc on why this will be a critical complementary asset for accelerating our growth strategy in data and AI and apps. I'm going to focus on value, our third pillar. We expect to achieve accretion on non-GAAP operating margin, non-GAAP EPS and free cash flow by year 2 post close. We are laser focused on speed of integration. By leveraging our focus on operational excellence and our M&A integration playbook, our goal is to achieve accretion as quickly as possible, which is a significant evolution in our M&A strategy and in line with recent acquisitions.

And in line with our M&A framework, we prioritize non-dilutive forms of consideration. As a result of our durable free cash flow generation and strong balance sheet, this deal will be financed through a combination of cash and new debt, resulting in no share dilution. This transaction is not expected to disrupt our capital return strategy, inclusive of our share repurchase program and our dividend.

Finally, we expect to close by early fiscal year '27. We view this acquisition as a key enabler for Salesforce's next phase of AI-driven growth and believe it will amplify our market differentiation and deliver sustained benefits for all Salesforce stakeholders.

Now back to you, Marc.

Marc R. Benioff*Co-Founder, Chairman & CEO*

All right. Right on. Well, Robin, thank you so much, and you are doing a fantastic job as our new COFO. So, so great that you're here. And I'm looking forward to you all having the chance to interact with Robin on the call. And look it, overall, let's just talk about this. We are just extremely excited to welcome Informatica, and I can't wait to close the deal. And I think that this is going to be an absolutely incredible opportunity.

So look, let's move on to the quarter. We delivered \$9.83 billion in Q1 revenue. That was up 8% year-over-year. Subscription and support, 9% in constant currency. We saw very strong growth in our small and medium market business. It really surprised us. Both of them achieved really strong double-digit new bookings growth. We continue to deliver on these margin goals that we have. We delivered 32.3% non-GAAP margin in the quarter. And we delivered \$6.5 billion in operating cash flow. We have \$60.9 billion in RPO, up 13% year-over-year, and we had exceptional performance with cRPO growing 11% year-over-year in constant currency.

And we're raising our fiscal year '26 guidance by \$400 million to \$41.3 billion at the high end of the range. I mean sometimes you have a quarter when everything is going right for you. That means revenue is going right. Bookings is going right. You're kicking off the quarter. Q1 is always a high risk quarter, but even currency is moving in the right direction. This was just a great quarter, and that is why we're able to deliver this incredible raise.

So a few enterprise software companies probably have ever delivered these kinds of numbers. It's kind of even a shock to me that we're delivering this \$41.3 billion in guidance, and we are now just very well positioned to take advantage of this multitrillion-dollar opportunity in AI and enterprise software and digital labor. And now in just 2 quarters, we are also -- just since we launched Agentforce, you think about that, we now have more than 4,000 paid deals as I mentioned, more than 8,000 in total across every industry.

We've got 800 customers already in production with Agentforce, including amazing companies like ENGIE, and that has been a success -- incredible success story and with incredible velocity and conversations in OpenTable, Finnair, Grupo Globo, Falabella. We've talked about so many of these. We're going to talk about so many more. And we have launched hundreds of prebuilt Agentforce templates for different industries, roles, tasks, making it faster and easier for customers to deploy Agentforce. We're learning a lot about how to make agents successful, productive, how to scale, how to tune our own organization, and really get our customers all ready for this AI transformation in the enterprise led by agents.

Now earlier this month, we introduced our Flex Credits. It's a new consumption-based pricing model. That's how we've tuned our pricing after a huge amount of customer feedback. And next month, we're going to add FedRAMP High authorization for Agentforce, so the U.S. public sector can also experience this incredible success. So no one else is delivering what we think digital labor is at this scale.

Now of course, Agentforce does agentic augmentation for employees. Agentforce is also doing it directly to consumers. I think that we are really delivering at this point probably more agents and more conversations and more capability to more enterprises than any other vendor in the world. I really see us as the #1 agent platform already. And it's only been a few months. In fact, Agentforce reached more than \$100 million in AOV. It's much faster than any product in our history, and we're not even fully deployed on all geographies, currencies or languages. And to that point, I was in Japan last week and they are -- they can't wait to get Agentforce running in Japanese, which we're about to deliver for them.

So the success of Agentforce is building on the strong growth we've seen in our Data Cloud. Data readiness, as I mentioned, with Informatica is critical for every company. And in this quarter, our Data Cloud, just our Data Cloud surpassed 22 trillion records, up 175% year-over-year. Nearly 60% of our top 100 deals included investments in both Data Cloud and AI. And we are still working really to be able to kind of communicate with every single one of our customers on the importance of Data Cloud, and yet Data Cloud just remains this incredibly fast moving product.

50% of Data Cloud's Q1 new bookings came from existing customers. I think that's really important because it really speaks to the adoption of the product and the incredible usage by the customers who have it. And even though Agentforce is only in its second quarter, 30% of its bookings also came from customers increasing their consumption, another key point of these 2 products.

Now these are early days, but this flywheel, AI agent flywheel, it's working. Data Cloud and ARR grew more than 120% year-over-year, and it's more than \$1 billion part of our business. That is amazing. The pace of innovation has been incredible. I've just never seen our company, really any company move this fast with a new technology.

We've also witnessed how we've pivoted the entire company around our vision for AI. That is the idea that we have. These incredible apps, every single one of these apps being rebuilt for this incredible AI revolution, the Data Cloud itself -- and not to mention, of course, when you start to look at it, you've got the agentic layer and don't forget about our metadata platform. I'm going to get into that in a second, but I just think it all played out just last week when we went -- looked at the New York World Tour.

I know many of you were there, and you could really feel the energy, 10,000 customers, everyone looking at technology that just a year ago did not exist. And now they are on the very cusp of a huge transformation for their enterprises.

Now when I talk about agents and data and apps and metadata, that's what we really call our ADAM framework. It's in our experience to see now these 4 elements, the app, the data, the agents and the metadata, that make Salesforce unique, that companies need to achieve the real promise of agentic AI. And you could really see that also play out when we got to our Tableau conference this quarter. If you were in San Diego, you saw Tableau Next. And what you saw was the DataFam. That's the Tableau community kind of fully inspired because not only were they looking at Tableau Next, this incredible new product, but what they saw was Tableau, the Tableaus they love. And they also saw an agentic layer, and they saw it deeply integrated into our data cloud and all running on our metadata platform. That's our ADAM framework, the agents, the data, the apps, the metadata all together. Tableau Next is a great example of where we're going with all of our technology in our company, and customers are so excited.

Slack is really another example. Slack is, of course, where I believe you're going to really begin and end every Agentforce conversation. It's the conversational interface for managing all of your work across apps, systems, teams. And Service Cloud, Sales Cloud, Tableau Next, any Salesforce app can live inside Slack. It's a very fluid and natural user experience. I know a lot of you are on Slack. And with Agentforce in Slack, every employee has a digital teammate that can make notes for your meeting, summarize your Slack channels. And you really see like AI taking place on Slack when you look at Slack recap or you look at agents just coming right into your channels to talk to you in real time. And you can imagine how all of these new kinds of apps that are appearing in the marketplace where AI and agents are all happening, this is this incredible agent user interface with Slack.

So in this new agentic AI era, every company is going to say that they have agents. Well, I think every company does say that they have agents. But without these 4 parts of what we call ADAM, the -- really the agents, the data, the apps, the metadata framework, you're just not really able to deliver this complete experience for the enterprise, including delivering digital labor. That's why so many customers are achieving success now with Agentforce and so many of our new offerings that are using this incredible combination.

Let's talk about some customers. Finnair is using Agentforce to help manage customer service for 12 million passengers. Agentforce is already having thousands of conversations a week with Finnair customers, and the airline is aiming to automate 80% of customer service queries and reduce new rep onboarding time by 25% with Agentforce. It's been an incredible success story, and that's not the only airline. I think you remember, we've talked about Singapore Air. We're talking to so many airlines about how they not only can use all our Customer 360 apps, not just the Data Cloud, not just our meta platform but build this agentic capability around the airline. This is going to be a huge opportunity for that entire industry, which is so customer service obsessed.

Now I have to tell you about this great company, Falabella, and for those of you who have ever been to Falabella, you already know, I guess, the analog (sic) [analogy] would be -- I'm speaking from San Francisco, so I'll just say it's kind of the Nordstroms of Latin America in some way. And this is a Latin American retail conglomerate. It's a great example of why Agentforce is winning.

Here's this company that's pioneering Agentforce just a couple of months ago in their Colombia business. And then it's so successful, they're actually deploying it on WhatsApp, which we hadn't really seen before. And they're using WhatsApp. The customers are coming in. They're coming in and, "Hey, what's my order? What's going on?" And this what's my order use case is the main thing that's driving Falabella, and boom, all of a sudden, they go, "You know what, this is working so well. We're going all over Latin America," and what was kind of, I think, a low 6-figure deal. I mean, Miguel is going to have to come in here and tell me, turned into like a \$1 million deal overnight. What?

Miguel Milano

President & Chief Revenue Officer

\$300,000 number.

Marc R. Benioff

Co-Founder, Chairman & CEO

Yes, it was \$300,000, right, from just Colombia.

Miguel Milano

President & Chief Revenue Officer

It's become \$1 million now.

Marc R. Benioff

Co-Founder, Chairman & CEO

Now it's \$1 million. So that's a great example. And when we look at another one, OpenTable, we've been talking about this story for a while, which is [Glenn] is doing a great job deploying Agentforce. And he started with the restaurants. Then, he did employees. And now he's like doing the consumers, and this is an incredible thing that OpenTable has been so successful, and I'm so proud of [Glenn].

And now we see [Ramon] doing the same thing at PepsiCo, where he's trying to bring together the beverage business and the snack business. He's kind of building a one PepsiCo vision with the Data Cloud. I think he uses 11 clouds, right? Miguel is that right?

Miguel Milano

President & Chief Revenue Officer

All of them [indiscernible].

Marc R. Benioff

Co-Founder, Chairman & CEO

Every single one, and then delivering a whole agentic layer around PepsiCo is so incredible. And another Latin American success is Grupo Globo. The Brazilian media conglomerate purchased Agentforce in Q4. In less than 3 months, Agentforce basically boosted Globo's retention rate by 22%, driving revenue upgrades, cross selling, converting nonsubscribers. It's very cool.

And I guess one of the surprise stories is ENGIE who's a long-time Salesforce customer, known so many of the CEOs, amazing company doing all kinds of great things in the energy marketplace, driven out of Europe. And now they're assisting 83% of their users with Agentforce. I think it's -- the number of conversations that are happening are some of the highest that we've seen. It's really cool. So -- and I've got other stories. We -- you've heard me talk already about 1-800Accountant and Smartsheet and so many other customers. This is just the beginning of what's going on with AI, Agentforce, Data Cloud or metadata framework. We can go into it in Q&A if you want.

And now I'll turn it over to Robin.

Robin L. Washington

President, Chief Operating & Financial Officer and Director

Thank you, Marc. I've been in the COFO role for a little over 50 days now, and I've spent that time deeply listening to our shareholders, employees and customers. And what I've heard has been instrumental in shaping my top priorities for the year ahead, which are delivering customer success and accelerating AI adoption to drive growth, driving operational excellence to maximize shareholder value and responsible capital allocation. We're already making progress against these priorities.

First, let me share a few details on how we're delivering customer success and accelerating AI adoption to drive growth. Our core clouds continue to be a cornerstone of our product portfolio with Sales Cloud, Service Cloud and Platform in 9 of our top 10 wins. More than half of our top 10 (sic) [top 100] deals included 6 or more clouds with Sales and Service Cloud in nearly 80% of those deals. As customers adopt more clouds, they unlock the full power of our deeply unified platform with Data Cloud and Agentforce built into every one of our applications.

This drives the flywheel of success as well as lower attrition as customers realize the benefits of our platform. It's early days, but the flywheel is already turning. 30% of Q1 Agentforce new bookings came through expansion deals from existing Agentforce customers. And as Marc just shared, our customers continue to invest heavily in data cloud to prepare for their agentic future.

In Q1, we closed more than 30 net new annual bookings over \$1 million that include both data and AI. Tableau was included in more than 70% of our deals over \$1 million and MuleSoft in nearly half of those deals. This underscores how important data is to our customers like Box, Deloitte and Boeing. Our ecosystem plays a critical role in driving customer success and growth. Our partners were included in 7 of our top 10 deals of the quarter.

Today, Salesforce is the fastest growing ISV on AWS Marketplace, which has driven hundreds of transactions for us since launch, including 2 of our top 5 deals this quarter. Finally, our industry-specific solutions continue to deliver significant value to customers like the U.S. Air Force and University of Chicago Medicine. Nearly half of our top 100 deals included an industry cloud.

Our Life Sciences Cloud had a strong quarter. We've seen incredible momentum with more than 40 global customers including Pfizer and Takeda, which was a Q1 win for us. Takeda will use the Life Sciences cloud with Agentforce and Data Cloud to unify its data and deploy agents across medical, commercial and patient care operations. And we are continuing the momentum. We unveiled a brand-new next-gen mobile application for Life Sciences Cloud for field reps just last week.

As customers adopt more agents, upgrade to premium editions and leverage our industry solutions, we see greater expansion and stronger customer retention. With data and AI, that value is accelerating, driving even more impactful customer outcomes.

As you all just heard, we are innovating faster than ever. And this is a core part of how we will drive operational excellence to maximize shareholder value. And we're positioned better to leverage our own innovation to drive efficiency and profitability, similar to what our products bring to our customers.

Let me give you 2 great examples. Our sales agent in Slack is transforming how our teams sell. Our AEs have already logged over 21,000 interactions, simplifying everyday sales activity, saving our teams over 44,000 hours annually. Further, Data Cloud is amplifying that impact, cutting lead routing from 20 minutes to 19 seconds in Slack.

In customer support, Agentforce has handled 750,000 cases and is on track to surpass 1 million help portal requests this quarter, cutting case volume by 7% year-over-year. As a result, we have reduced some of our hiring needs, enabling us to rebalance and redeploy 500 customer support employees to higher impact data plus AI roles by year-end, driving \$50 million in savings. Showing what's working for us helps our customers envision their future, and I'm excited to keep scaling these efforts internally. That is the power of Salesforce on Salesforce. Utilizing our own unified platform infused with data plus AI

across our enterprise will drive sustained efficiencies and leverage across our P&L, and we are just getting started.

Now you've all seen the numbers, but let me provide a little more context on the quarter. For the first quarter, revenue was \$9.83 billion, up 8% year-over-year in nominal and constant currency. Subscription and support revenues grew 9% in constant currency. As a reminder, this incorporates a 1 point headwind from the leap year last February. Again, this quarter, pricing and packaging continue to be a key lever for us, most notably in sales and service.

Q1 revenue attrition ended the quarter at slightly above 8%, in line with recent trends. As we continue to focus on customer success, we are incentivizing on a new metric with our field reps, net new AOV, which measures new and renewal performance together. This provides a clear view on overall business expansion and enables our teams to focus on overall health of the customer.

Our business benefits from a balanced portfolio of products and customers across geographies, segments and industries. From a geographic perspective, we saw strong new business growth in the U.K., France, Canada and Asia Pacific, particularly South Asia, while some pockets in EMEA remain constrained. From a segment perspective, as you heard from Marc, we saw strong performance in our small and mid-market business this quarter. And from an industry perspective, in Q1, comms and media and health and life sciences performed well, while retail and consumer goods and public sector were more measured.

On operating expenses, we continue to focus our investments in sales and marketing and R&D to drive data and AI innovation, helping fuel Customer 360 and future top line leverage.

Turning to our balance sheet and cash flows. Remaining performance obligation ended Q1 at \$60.9 billion, up 13% year-over-year. Current remaining performance obligation, or cRPO, ended Q1 at \$29.6 billion, up 12% year-on-year in nominal and 11% in constant currency, which is better than expected, driven by strong renewal performance. Q1 operating cash flow was a healthy \$6.5 billion, up 4% year-over-year.

And as we focus on responsible capital allocation, we are continuing to invest where it matters most to our business and customers while maintaining a clear focus on efficiency and profitable growth to maximize shareholder value. On capital return, in Q1, we increased our dividend payout by 4% and returned more than \$3 billion in the form of share repurchases and dividends. This brings our total cash return since the inception of our capital return program to more than \$24 billion.

Finally, let's cover guidance. We are pleased to raise fiscal year '26 revenue guidance to \$41 billion to \$41.3 billion, an increase of \$400 million on the high end, driven by foreign exchange tailwinds. This results in growth of approximately 8% to 9% year-over-year in nominal and 8% in constant currency.

On foreign exchange, we now expect a \$250 million tailwind, up \$400 million since our last print. We are reiterating our subscription and support revenue growth of approximately 9% year-over-year in constant currency, driven by the momentum in Data Cloud and some contribution from Agentforce this year. This is partially offset by weakness in marketing and commerce and slower growth in our exploration base.

Our guidance reflects a consistent demand environment and assumes those trends continue. Of course, if the environment changes, our results may be impacted. As we continue to drive operational excellence, we are pleased to reiterate our non-GAAP operating margins of 34% and gap of 21.6% for the year, building on the continuous improvement from the last few years. Our annual guidance on operating cash flow growth of 10% to 11% and free cash flow growth of 9% to 10% remains unchanged.

Now turning to Q2 guidance. Revenue is expected to be \$10.1 billion to \$10.2 billion, up 8% to 9% year-over-year in nominal and 7% to 8% in constant currency. cRPR (sic) [cRPO] growth for Q2 is expected to be 10% year-over-year in nominal, including a \$300 million FX tailwind, resulting in 9% constant currency growth. As a reminder, while we have seen more normalized bookings growth recently, cRPO will continue to be materially impacted by the cumulative effect of the measured sales performance that started in Q2 fiscal year '23 and our slower exploration base.

In closing, we're starting FY '26 strong with a trusted, deeply unified platform, the most technical leadership team in our history, and a solid foundation to accelerate efficiency and growth. We truly have

a once-in-a-lifetime opportunity to lead our customers in this digital labor revolution with Data Cloud, Agentforce, our Customer 360 apps, all deeply unified within our metadata platform.

And lastly, a huge thank you to our employees, our customers, our partners and our shareholders for the warm welcome. It's an exciting time to be in this new role at Salesforce.

With that, Mike, let's open up the call for questions.

Michael Spencer

Executive Vice President of Investor Relations

Great. Thanks, Robin. Krista, we'll take the first question now please.

Question and Answer

Operator

Your first question comes from Keith Weiss with Morgan Stanley.

Keith Weiss

Morgan Stanley, Research Division

Congratulations on a great start to the fiscal year. I guess this is a question for all of you guys. The excitement around Agentforce in the Data Cloud is palpable and how you guys speak about it. And we hear a lot about it when we talk to customers and when we talk to channel partners as well. I think what a lot of investors are wondering is the transmission mechanism of when does this become a bigger driver for the overall growth rate at Salesforce. 10% is good, but we'd like to see acceleration against that. We'd like to see you guys getting back to more of like a growth footing.

Can you talk to us about some of the puts and takes of that? I'm sure there's some timing issues involved. Robin, you talked about a weak expiry base. But when can we really see the trajectory of Salesforce start to tick up from here?

Marc R. Benioff

Co-Founder, Chairman & CEO

Well, I'm really excited about that question because, obviously, we want to have growth. We also want to have good, solid balanced execution as well. And this is, I think, a big commitment of the company that we are going to -- first and foremost, we're going to maintain our margin framework. We're going to maintain our cash flow framework. You heard about the very disciplined approach to M&A.

And so before I go into my pitch on growth, I would really want to make sure that everybody heard what I just said that I'm committed to all of those things, but I'm also deeply committed to growth. And growth is really where we're at right now. And you can see why growth is so important because we are in a moment in time where every company is coming to us saying how do I go forward and how do I deliver this incredible agentic revolution.

Now what that means for us is a number of things that we all have to put into place. One thing is we need to -- now that we kind of have our, I would say, kind of the margin transformation behind us, the cash flow transformation behind us, the buyback transformation behind us, the dividend transformation behind us and also, I would say, we have the acquisition transformation behind us because we saw the acquisition yesterday and also the acquisition last year of Own. But now there's one more huge transformation that is really underway, and it's really driven by this agentic AI moment. And that is the growth transformation.

And our approach to that is going to be really focused, first and foremost, is on distribution. And Miguel Milano is here. He's the Chief Revenue Officer, works directly for me. We also have at the table Srin, our Chief Engineering Officer; and Sabastian, our Chief Legal Officer; and of course, Robin. And all of us together are deeply committed to continuing the incredible success of the company.

Now how would we even accelerate growth at this level? Well, the way we would do it is we've really identified that there's a lot of growth happening already in the company. One of the big areas of growth that's already happening is in small and medium business. Another area that happened in the first quarter is in the mid-market. And we even saw a lot of signs for incredible growth in a lot of our geographic regions like Japan and others and in our core technologies, like we mentioned, with Data Cloud and AI.

When we start to put all of these pieces together, that's where we also decided to now hire another 1,000 to 2,000 more salespeople because there are a lot of parts of our business that need investment to grow, and we are doing that as well. But I want to get back. We're still going to maintain that margin framework. So while we're making these huge investments, while we are scaling distribution again, while we're doing all these things that have been kind of on pause, I would say, for the last 3 years for a lot of good reasons,

now we're really saying, okay, we can actually do some things. In these key areas that are growing, we can supercharge them.

And Miguel, do you want to just speak to some of the growth initiatives that you have underway and some of the things that you're especially excited about, not only performance in the quarter but how you see over the next 1 to 2 years from a growth opportunity for the company and how we're going to rapidly move from where we are this year at \$41 billion and into these higher revenue levels, hopefully, in the 50s and 60s but while maintaining the margin and cash flow disciplines that we have now picked up as a core competency?

Miguel Milano

President & Chief Revenue Officer

Absolutely, Marc. Keith, thank you for the question. Good question. Obviously, growth is our obsession. I shared the very positive sentiment that both Marc and Robin already shared in this call. I don't think we've been -- we've ever been in a better position in this business. I can tell you, there is some qualitative comments that we made about ADAM, our framework, our deeply unified platform. That flywheel, it's incredible, is starting to happen. It's great to be in 2 markets that are seminal, the data activation market and also the agentic market. Everything is coming together, and it's reinforcing the power of our applications.

By the way, we're bringing this to public sector very soon. But I think I'm also excited about some hard facts in go to market that are nondisputable. The expanded capacity that Marc referred to. Today, we have 13,000 AEs. By the way, we not only have the record number of AEs in the history of the company. This is 14% growth year-on-year today. At the end of the quarter, it will be 19% growth. At the end of the year, it's going to be 22% growth. But also, we've been extremely diligent over the last 2 years to put this capacity in the areas of higher productivity and higher growth.

We also have very strong pipeline, open pipeline and also great pipe gain momentum and velocity, all in the double-digit growth. Also, as Marc referred earlier in his comments, we have an incredibly well-oiled run rate machine. I mean run rate is nearly 60% of our business and the small and medium businesses approaching 50%, and that is humming. It's growing in the mid, high teens. Of course, we are well known for how we are able to structure and create big deals, and that motion is strengthening. Pricing and packaging is also helping Marc a lot. It's making our customers -- we're making it much easier for our customers to simplify the relationship with us and to own our fully unified platform, also increasing ASP per seat.

Overall, I couldn't be more excited. I joined the company, as you know, in 2011, and the momentum is incredible. AWS Marketplace, just to mention, I think is incredible. The partnership with AWS, we transacted \$2 billion of business through them, hundreds of transactions, and it's tripling year-on-year right now. I've never felt as strong as I feel now in the future of the company.

Marc R. Benioff

Co-Founder, Chairman & CEO

Because I really want to get into this to one more level because, obviously, I'm completely in sympathy with this. But number one is, obviously, you came in the company in 2011. We had asked -- we've been recruiting you for many years. You were at Oracle, running a huge part of their business. And then before that, you were at McKinsey as well. Then, you unfortunately left Salesforce, I think, 4 years ago or 5 years ago to become the Chief Revenue Officer of another company. We won't go into that, but then we patiently recruited you back, and we got you back, what is it, 2 years ago now.

Miguel Milano

President & Chief Revenue Officer

Two years ago.

Marc R. Benioff

Co-Founder, Chairman & CEO

And now you've been here for 2 years. You're now working directly for me as the CRO. Our 15 core distribution unit leaders all are reporting directly to you. What was your biggest surprise in Q1? What was it, when you look back -- you obviously had a great quarter. What was it at Q1 where we went, "Wow, that was a huge surprise. I should be investing more here, here and here because these are -- these are growth levers I really didn't realize we even had."?

Miguel Milano

President & Chief Revenue Officer

I mean, obviously, it's a leading question. You know the answer, Marc. I have to say I was shocked to see the momentum that we were enjoying in the low end of the market, small, medium and mid-market. In fact, we -- that made us really rethink the exercise of capacity allocation. And we realized that we had allocated enough growth in some of the areas but not across the 15 OUs. So even within Q2, we are reallocating capacity to the low end of the market.

And the other thing that became very important, and this goes back to Keith's question is, I mean, it's great to be owning 2 segments, the Data Cloud side, the data activation business and the agentic business that is growing triple digit. But what if we could grow even faster? I think the participation across my organization needs to be improved. I mean we want -- I told my whole organization, 13,000 AEs, you need to sell a Data Cloud deal in Q2. You need to sell an Agentforce deal in Q2. I think if we can grow that instead of triple digit, high triple digit, that would accelerate the growth of the company.

Marc R. Benioff

Co-Founder, Chairman & CEO

When you really look at kind of distribution capacity expansion year-over-year, by the time we get to this end of this fiscal year, what's your dream in terms of what our total distribution capability? What is the percentage growth that you all have seen?

Miguel Milano

President & Chief Revenue Officer

So we are aiming at 22% overall capacity growth. We're going to be growing more on the low end of the market, the small, medium business and the mid-market. But that's an incredibly healthy growth. We've never -- I mean, in the last 2 years, we've been flat most of the time and now to be able to come into H2 with a 14% growth.

Marc R. Benioff

Co-Founder, Chairman & CEO

These market segments, it's also distribution capacity expansion. And one more question I have for you, what are some of these geographic regions that are just blowing your mind in terms of their insatiability for our products and capabilities?

Miguel Milano

President & Chief Revenue Officer

I mean, as Robin referred to, we can -- we are lucky because we run a highly diversified portfolio of businesses across industries but also across geographies. We saw some momentum in Canada. The whole South Asia is on fire. The whole APAC is on fire. And even in Europe, there are great pockets of growth. France and U.K. outdelivered in the quarter. And of course, there are other places where we see a more measured performance.

But overall, we see demand across every view. I get asked many times, okay, do you see a different behavior and the truth is every geography, every account, every segment, every industry, they need 2 things. They need to activate their data, and they need an agentic ledger on top of their application. I think Data Cloud and Agentforce are so powerful that now many companies are wondering why would I deploy any touch point, any customer's touch point on an app that is not a Salesforce app. It doesn't make sense.

Operator

Your next question comes from the line of Brent Thill with Jefferies.

Brent John Thill

Jefferies LLC, Research Division

Robin, just on the growth rate. I'm just curious given some of the macro and tariffs on uncertainties. Have you seen any uncertainty in your customer behavior? Clearly, putting up good double-digit RPO backlog was good to see. But what are your thoughts on what you're seeing in your pipeline?

Robin L. Washington

President, Chief Operating & Financial Officer and Director

Yes. Brent, I'll reiterate what Miguel said. We do have this overall balanced portfolio. So we were able to think about that relative to our guidance and the puts and takes of knowing what we know today. It's been helpful to us. We also have the strong momentum, as you've heard us talk about with data and AI. So we have a modest contribution from Agentforce, but we see that to be a continued needle mover. We've been -- factored in the headwinds, but overall, that plus the FX change gives us a lot of confidence in where we stand today. You also heard Miguel talk about the AE capacity that will ramp and be available for second half.

So we feel really good. We're excited about our products. We're excited about our capacity. And as you heard us talk about, our options to grow are in line with what we believe is the ability to deliver on our guidance.

Operator

Your next question comes from the line of Raimo Lenschow with Barclays.

Raimo Lenschow

Barclays Bank PLC, Research Division

Perfect. The main highlight for me, if I look through the numbers this quarter, was the strength in platform. And Marc, you talked about Tableau. Can you talk a little bit about how that combined portfolio of Tableau, MuleSoft, Informatica is kind of going to change the game for you around agent and the whole company?

Marc R. Benioff

Co-Founder, Chairman & CEO

Well, I think you're really onto something because -- I'm going to ask Sridhar to come in here also. I think that, number one, was you were at the Tableau conference. You really saw this incredible now Tableau. But one of the things about -- that's powerful about the Tableau, not does it only have the agentic layer, not only is it integrated now -- deeply integrated into our Data Cloud, but it's deeply integrated in our metadata platform, and it runs on Hyperforce.

And I'll tell you that if you're using Slack now, you'll see Tableau's appearing within that. If you're using our core applications, Tableau is now appearing within that. And Tableau is now part and parcel with our core functionality and kind of the core components of every other part of Salesforce. So I'm super excited about that.

We also went through a pretty big transformation on distribution with Tableau where our Tableau sales leaders who were basically what we call prime account executives, that they're kind of independent, on the side, running as their own kind of sales organization, they're now deeply integrated into our distribution organization where all of our salespeople are now selling Tableau as a core part of our product line. And those distribution leaders are now supporting them in what we call kind of a co-prime position.

But I'll tell you that this idea that Tableau and the new Tableau or really all of our products built on this ADAM framework is really being led by Sridhar as our Chief Engineering Officer. Sridhar also runs customer support. He also runs professional services. And Sridhar also runs South Asia, which includes everywhere

from Singapore, including Thailand, Malaysia and all the South Asian countries and all of India as well, including our Indian engineering operations. So Srini, would you like to come in and kind of fill that in?

Srinivas Tallapragada

President, Chief Engineering & Customer Success Officer

Yes. Thank you, Marc. So I think the -- I would still frame the bigger point as Agentforce is everybody wants to do agents. This is a new thing. Every customer talk starts and ends with talking about Agentforce. And that's our digital labor platform for the enterprise, and it's built on this deeply unified enterprise scale, trusted, open and metadata platform. But all Agentforce is tied to the data strategy.

And if you really think of data strategy, this is what -- Data Cloud is very important. It unifies and activates data with zero copy. MuleSoft is very important. It connects all your apps and systems to manage those APIs because that's what the agents need. And then Tableau turns all those insights built on this ADAM framework into action, and that's where the energy is.

And of course, Informatica will now accelerate -- will help us accelerate and expand our data strategy. So this enterprise-grade data platform with MuleSoft, Data Cloud, Tableau and in the future, with Informatica gives enterprises a really trusted data platform, which is what is required to really make the promise of agents true because that's what people wanted, trusted agent, which is scaling, which they can trust, which is -- really delivers the value. And the work we have been doing for the last of 3.5, 4 years right from the database layer, right from Hyperforce, then we got all the data layer, rewriting everything in the ADAM framework is what people are now seeing it.

And as Marc referred, when we did the Tableau conference, the DataFam was really thrilled because now they see not just themselves as just visualizing new -- and providing insights but also as Agentblazers. They see this future where they can be part of building agents and bring it all together. So that's where how this is all coming together.

Operator

Your next question comes from the line of Brad Sills with Bank of America.

Bradley Hartwell Sills

BofA Securities, Research Division

We certainly are hearing the same success that you're describing in the Agentforce cycle amongst channel partners. Marc, I wanted to ask you a question around some of the indicators that you're paying attention to that give you the comfort that this cycle is going to be material for the company.

Is it simply these Data Cloud deals that you're seeing the momentum there as customers load the data there? Some of these pilot deals you referred to, what are some of the leading indicators that you're looking to that suggest that this is a big cycle coming?

Marc R. Benioff

Co-Founder, Chairman & CEO

Well, it's a great question. And I think we have to just kind of get right back to the beginning, which is you can kind of look at these earnings calls and like a year ago, we weren't really even -- I don't think the word agent was even on our earnings call a year ago. Maybe it wasn't even on our earnings call 9 months ago.

But it started to appear, and when we released the product end of October, it's November, December, January, February, March, April, here we are in May. So just think about in a relatively short period of time, I've never seen in my career over 45 years in enterprise software this idea that we now have 8,000 customers, 4,000 of whom are paying, many of them who have dense scale deployments where this is working in months.

It just makes no sense actually to me. Obviously, most of these products and these technologies like Data Cloud or look at any of our core apps or Hyperforce or all the things that Srini has built, the Miguel has

sold, what the company has put together, these things take years, not months, not days, night weeks. So we're moving very, very fast.

I think one of the most important things, and I think Miguel can really speak to this, and I'll have him do that at the end of this, is that when we sell an Agentforce, we're not just dropping some box off and saying, okay, we sold an Agentforce. We're pulling all of our clouds in. And I'm sure that you heard like, for example, in the example I think of Pepsi, they have 11 of our clouds.

So when we're pulling in Agentforce, where all the other products are coming along with it, now obviously, Agentforce and Data Cloud are absolutely deeply unified and connected, but Agentforce and Data Cloud are deeply integrated and connected to every single one of our products. This is a huge transformation that we have created just in the last 2 years.

So 2 years ago when we went through our huge financial transformation, we also decided maybe aggressively to also go through a huge innovation transformation. And we have rewritten all of our apps, all of our Data Cloud, and created an agentic layer and Hyperforce and brought it all together as one unified platform. And 2 years ago, it was just not there. It's one of the reasons why we feel very comfortable right now acquiring Informatica because we can see how it can radically extend what we have done, complement it. It's incredibly additive. This ability to harmonize all of this data, it just is going to make everything better for our customers and give this platform that we have a lot more capability.

Miguel Milano

President & Chief Revenue Officer

Maybe, Marc, I'll comment on the non-stand-alone nature of Agentforce as a reference. We took all the deals, all the Agentforce deals for the quarter. On average, there were 4 other clouds on those deals. Also, as Robin referred earlier, 1/3 of our top 100 deals, including both Agentforce and Data Cloud, but I look at the top 6, the top 6, which on average, \$34 million of TCV on average on each of them.

On those 6, 5 of them have Data Cloud as an anchor and also Agentforce as an anchor. The 1 customer that didn't buy, the top 6 on Data Cloud is because they bought in Q4 a multimillion-dollar deal Data Cloud. They set the data foundation before they went to adding more clouds and Agentforce. On the top 6 on Agentforce, on the top 6 deals, 5 bought Agentforce. The one that didn't buy is the one that, Srin, you know very well. We are negotiating now the extension to Agentforce. So it's kind of magic.

But going back to Brad's -- also a question he was referring, okay, what are you really focused on, the reality is, Brad, we're not focused that much on how many more Agentforce deals or Data Cloud. That motion is on fire. We had 3x more Data Cloud deals in Q1 than we had the year before. We have also, I mean, infinite numbers more of Agentforce deals because we didn't have Agentforce last year. What we have focused on very much is on consumption. This is a new game.

By the way, this consumption motion is bringing the company really tied together from finance to product with Steve Fisher, with engineering, [Dave Meyer]; with engineering with Srin, the whole company and go to market is really aligned together behind consumption. I mean my role has changed totally. When I sell, my job starts. And we have huge consumption. We have 22 trillion records ingested, 8 of them through zero copy, which is the fantastic innovation. And as Robin referred earlier on Agentforce, already 30 customers came back and refilled the tank.

Very exciting. But now that we are touching on the consumption topic, Srin, you've helped me a lot. You come up with this initiative of forward deployed engineers. Can you elaborate a bit more on that?

Srinivas Tallapragada

President, Chief Engineering & Customer Success Officer

Yes. So I think in my new role as including customer success and professional services, as Marc mentioned, I think I'm really obsessed with customer success. Two things, correct? When a new product comes in, which is transforming so much, the iteration, the feedback loop between product, engineering, customer success, go to market has to be very tight. So the way we have done is we have created, thanks to our Customer Zero initiative on support where Agentforce is handling a lot of things.

We use some of -- first of all, we use some of those resources to create this forward deployment engineering team. And we're working with a lot of customers hand in hand every day. They're making changes every day to really get the consumption group going and really get the product maturity.

And I see 3 types of customers. We have customers who are in the expansion phase. They got the first customer. These are 30% additional ACV that Miguel talked about. And what are they asking? They're saying they got the first customer live. And they are the people who said, "Hey, I really like your conversation, but now I really want to expand. I need a better pricing strategy." This is what we listened and created this new action-based pricing strategy.

They also have day 2 concerns. They're saying, "Hey, I -- now I want to expand it more. I want observability. I wanted the improvement loop." So a lot of our product features, we're adding with that. Then, we have customers in -- just in a pilot. They got a first pilot. They are now figuring out how do I get -- improve my data estates. They're becoming -- data is becoming very critical. Actually, that is what also was driving some of our strategy almost every customer I talk to. There is Informatica there. This is also tied to that, why we are talking about data is very important.

They are asking things like setup and determination. They want tools, so we created a testing center. How do you tread because these are all not predictive systems? These are stochastic systems. It's not like regular. So you don't -- they have -- the models are changing, so they need trust.

And then everybody -- and this is a broader level, which is enterprise. They want latency. What happens -- say, one of these model providers go down. How do I do local residency? How do I provide auditability? I think we are taking all of these features, and we created these forward deployment teams, deployed engineers, we call, where in a tight loop, not just with Salesforce but also with a lot of our partners like Accenture, Deloitte and all and neuroflash and customers like that and really improving it.

I think we are at very early stages. We are super excited. We're obsessed about customer success, and the name of the game is to mature the product, really focus on customer success and iterate the maturity. And I think they're learning a lot of things, and that's what we're doing. Almost we're releasing product features almost every day.

Miguel Milano

President & Chief Revenue Officer

This is a learning journey, and we are learning at the biggest scale of any vendor right now across every industry, across every geography, across every segment. And this tight feedback loop is very important. Thank you, Srin.

Operator

Your next question comes from Brad Zelnick with Deutsche Bank.

Brad Alan Zelnick

Deutsche Bank AG, Research Division

I echo my congrats. Marc, with AI and Agentforce advancing quicker than anything we've ever seen, I have to imagine the use cases you're seeing today versus even 90 days ago or blowing you away. What can you tell us about what lies on the leading edge in terms of applications, impact on ROI of Agentforce and how Data Cloud fits into that?

Marc R. Benioff

Co-Founder, Chairman & CEO

Well, I really just have to look directly to these stories with these customers. And as I travel the world, and I'll tell you that, again, we've talked about the speed of which Agentforce is gone, but it's not just a U.S. phenomenon. It's an international phenomenon. And as I mentioned last week, I was in Japan, and one of our customers in Japan, Fujitsu, is really doing some amazing things. But when I heard at the rate and scale and speed that they want to deploy the product, and their vision in terms of how it can be all encompassing for an agentic layer around the entire company, I really just could not believe it.

I really sat with 5 of the largest Japanese companies. And I think somehow every company's imagination has been captured that they have this idea that they can build an agentic layer around their company. So of course, we've been very focused for many years on the customer opportunity, what we've been calling Customer 360. We've deployed that so well. In recent years, we've also been incredibly excited about what's happened with Slack and how we've gone across the enterprise. And then in addition to that, we've built this massive data business. Now that's really 3 different businesses that we're in. We're in our customer business. We're in the Slack business, which is the enterprise-wide business. And we're in this incredible data business. Now of course, we're also doing that by vertical.

All right. When we look at that then, when we combine that with this agentic and AI and data capability, that's where I really think that it starts to come together in this really powerful and very meaningful way. And that is what I see over and over and over again.

And I think another really good example is kind of really -- we kind of already got into it once before, but I'll just mention it. I was very surprised when I was seeing this demonstration of Smartsheet. And all of a sudden, when we're using the product, and it's obviously -- for those of you who know, it's like a cloud version of Excel, very popular. I think it's got like 13 million users. A lot of you use it. A lot of you have the technology, cover the company. But all of a sudden, right inside Smartsheet itself, Agentforce is already now in place.

And the customer is able to not only get support but also to add additional users or change key provisions with their licenses. This idea that agents are kind of starting to provision to become digital labor, this is exceeding my expectation that it crosses industries. It's crossing geographies. And as I said, all of this is really just happening in only 6 months.

By the time we get to Dreamforce, which is still another 6 months ahead, I expect another huge massive transformation. We're starting to cut the code right now on what will be one of the main releases of Dreamforce. And when we look at what will come as the release after Dreamforce, our technology, our product doesn't look at all like what it looked like just a few months ago. So we're moving very, very fast. And I think that I really would say this hasn't really happened too many times in the last 30, 40 years. The rate of innovation far exceeds the rate of customer adoption.

The amount of technology, the value that we're able to deliver to a customer is just phenomenal, which is why I have a real fever about expanding our distribution organization, especially in these markets, geographies and segments that are just growing at incredible rates. But for a lot of reasons that have to do with our financial transformation, in the last 24 to 36 months, we have not grown those distribution in the segments that we're growing. It wasn't a mistake that we were making. It was very mindful. We knew that we were slowing down growth, but we were accelerating margin and cash flow.

Now our challenge is very simple. We're going to grow our margin. We're going to grow our cash flow, but we are going to grow our revenue. And the way that we're going to do it is exactly what Miguel and Srini and Robin said. We're going to invest at scale into the markets that are growing very dramatically. And we know where they are. We're there. We're seeing the -- whether it's by geography or whether it's by market segment. That is whether it's by key markets that have grown incredibly since the pandemic like Japan or Latin America or even markets in the United States like the tech industry, okay?

But where we have not invested distribution capability, we will invest aggressively what we already have. And then we will also build and create incredible new products and value for those segments as well. And we will also acquire like we did last year with Own. That's been, by the way, an incredible success story.

So I think we have a good handle on, one, how to deliver the numbers that all of our investors want; and two, deliver this incredible growth by focusing on geography, segments and product and technology capabilities where the markets are really expanding.

Operator

Your next question comes from Kash Rangan with Goldman Sachs.

Kasthuri Gopalan Rangan

Goldman Sachs Group, Inc., Research Division

Great start to the fiscal year. I'll keep my questions relatively brief since we're towards the end of the call. Marc, one for you. Obviously, Agentforce is off to a smashing success. You are at 4,000 paid customers. When you look at consumer adoption of generative AI, you've got ChatGPT at 500 million users. The adoption there seems to be off the charts. So what is holding the enterprise back? What are your view as something that led the cloud cycle? What in your view are 2 or 3 maybe unblocks that you could bring to bear, so you could have 100,000 Agentforce customers versus the 4,000 you have today?

And one for Robin. Congratulations on taking over the new position. I just want to clarify the time duration when you expect Informatica to be accretive. Is that -- so you closed the deal early calendar '26, and it is going to be accretive to calendar '27. If that's the case, why that long? And why not sooner? How could it be sooner?

Marc R. Benioff

Co-Founder, Chairman & CEO

Okay. Well, Kash, I'm so glad you answered the question or asked the question because I'll tell you that we've talked about this before. We've answered this question before, but I want to come back and hit it one more time and then really kind of come in and really explain what it is our strategy is and also the huge progress that we've made, but you're -- and then the incredible opportunity ahead for everybody.

Number one, when we all are using ChatGPT or Gemini, or You.com or Perplexity or Anthropic or any of these models or an open source model or DeepSeek, okay, all of these models are mostly the same. They're within 3 to 6 months of innovation of each other. We all know that. And then all these models are trained on mostly the same data sets because there's only so much data that they can be trained on.

Now there's some synthetic data, but it doesn't mean very much to a lot of these models. That's why, by the way, that these models still have not improved a lot of their accuracy in the consumer side. And you can see those numbers. Those benchmarks are very clear. So what happens is you have these advances in these algorithms. Models are just algorithms. And then you have these amalgamated data sets, which are kind of manufactured off of the Internet data.

And then all of a sudden, you get this kind of working model, and it's kind of like super search. We all have this experience. It's like prompt engineering. We'll write the prompt and we get the answer. And we used to search on Google and now we're searching through one of these models. So it could be a model that Google has, Gemini, or it could be another model, like you mentioned, ChatGPT or it could be another model, Anthropic, et cetera, or DeepSeek. And you're searching. You get the results. So why is that not, boom, an accelerator -- automatic accelerator for everything you can do in the enterprise?

And of course, we can all talk to Microsoft about that, who came in and said that it would be 2 years ago or 3 years ago now with the Copilot and how that was going to supercharge everything, and it turned out that, that was a false prophecy because that's not how the enterprise works. The enterprise has data sets that are highly controlled, highly governed and highly secured. And these data sets are everything from your customer data set to your financial data set to your HR data set, and the reality is that on -- all enterprise data is available to all users.

Like, for example, you work, Kash, at Goldman Sachs. You can't see all the Goldman Sachs customer information. There's regulations around that. You can't see all the employees' salary information. You don't have access to all the Goldman Sachs financial data. So when you're using these models, they're not just giving you access to all of this stuff. Are they, Kash? No, they have to be tightly controlled. But if I'm a Goldman Sachs customer, and I want to come in and I want to ask about my account balance or information about my -- who I am and what my portfolio looks like or what my opportunities are or even if I'm a Goldman Sachs employee and I want information on -- the general information on benefits or how to enable myself or how to sell products more efficiently to customers, all of those things could easily happen right now with the agentic platform.

However, there's a lot of things that could not happen as I kind of just amplified, and that is kind of the constraint. So what is it going to take to get this transformation to happen, where we have a much

bigger agentic wrapper around Goldman Sachs, your company, or around all companies? We'll look at my company to start. I think we've probably done the best of maybe any tech company. We've done now -- this quarter, we'll pass through 1 million conversations and customer support. It's a dramatic reduction in the amount of human beings who have had to get involved to answer customers' issues. I don't think any other tech company at scale has delivered this capability. It is a proof point without any doubt that Salesforce has been able to deliver on its vision of digital labor, and Agentforce is #1, Customer Zero, Salesforce. So we eat our own dog food, and this is amazing.

By the way, compare that to other big tech companies like Microsoft and others who have tried to do that, but they don't have this kind of same velocity and capability. They haven't had this kind of ability because they don't have this approach.

Now part of it is we're lucky because we are built on our Customer 360. We're built on our Service Cloud. We're built on our Sales Cloud. We're built on our Marketing Cloud. So when we look at those things, then we can say at a high level, "Hey, Marketing Cloud, wow, you're doing 1 trillion e-mails. How do you take -- those are one-way conversations. How do you make those 2-way conversations?" That's the agentic opportunity.

And today, for our customers, they all want to get there. They all have the hunger to do that. They all want to have this great success, but it takes some time for them to start to build their data sets. And that is why the Informatica acquisition is so important because they all need to not only translate their data to build their master data management. They need to harmonize their data. They need to do all these things. And we see that and we go into these customers and like, "Let's go." And they're like, "We can do some, but we can't do all." And the reason they can't do all is because their whole enterprise data set is not fully harmonized, which is why Informatica is so critical now more than ever.

And look, Informatica is a small company. They don't have the distribution scale that we have. They have like a -- I'm not going to tell you what the size of their distribution organization because it's probably covered under my NDA, but it isn't -- it's orders of magnitude less than Salesforce. I'll tell you that. So that idea that we have the ability to really go out there and start to sell that product to all companies worldwide to really show them that they need this for this capability.

Now this is why I have this fever about growing, like Miguel said, our distribution organization by more than 20% this year, because we've held back for the last 36 months. On our -- and we've never done that in our history, but we did it because of the financial transformation that we wanted to go through. So we've done that. But it just now is just coinciding perfectly with this technology transformation that we're going through, which indeed is a data transformation, and that is what's going on.

So when we ask a question like you said, well, ChatGPT, Gemini. Well, you know Anthropic. Well, you know DeepSeek. Well, you know Perplexity. Well, you know You.com. They're "tadadada", but these are packaged, highly controlled consumer experiences. This is not what you have and you understand the enterprise experience very well, Kash, because you're a top enterprise analyst. But at Goldman Sachs, that's not how it's going to roll. And when we work with Goldman Sachs or we work with another bank, like we've probably told you, we've already deployed at a lot of banks that this idea that we can do this, but it does require very significant and critical, the governance, the security, reliability, availability capability of an enterprise -- a company like Salesforce. And the proof point is here, me, help.salesforce.com.

And we are going to do that for all companies, but we're going to do it through Slack. We're going to do it through Tableau. We're going to do it in help. We're going to do it every product we have, and we're going to do it with -- through an agentic layer, through a data layer, through an app layer and through a metadata layer, and we're going to bring these 4 things together and dramatically transform every company we do business with whether they're small, medium, large or extra-large just like Miguel went through.

Robin L. Washington

President, Chief Operating & Financial Officer and Director

Yes. And Kash, to your other question, timing of close of Informatica as well as time to accretion, subject to regulatory approval, we expect that it's going to close beginning of our fiscal year '27, which is February of next year, so February '26. The framework that we've talked about when we look at deals, we assume can we get it accretive within 2 years, right? So that's kind of our goal. Our desire is always to under promise and over deliver.

I think with our playbook that we have in place. We're going to go fast as possible. We're really focused on accelerating integration. So we'll see how that works out. But overall, that framework is the 2-year period that I provided to accretion.

Operator

Your last question comes from Mark Murphy with JPMorgan.

Mark Ronald Murphy

JPMorgan Chase & Co, Research Division

Marc, the CEO of Anthropic recently commented that AI could wipe out 50% of entry-level white-collar jobs and drive unemployment a lot higher, unfortunately. And since you've been very astute and very ahead of the curve on commoditization of LLMs and you've been very outspoken on the topic of digital labor, I'm curious just to get your thoughts on that concept. And how do you think Salesforce could help companies navigate whatever changes coming our way while maintaining a human touch or human oversight that might be required?

Marc R. Benioff

Co-Founder, Chairman & CEO

Well, I think it's a great question, and I think we all believe in the division of digital labor. And I think I've laid out the case with help.salesforce.com and given you the metrics. And so those employees, though, are really getting, I would say, repositioned in our company in other areas. That is we really have -- we have so much opportunity. I can't hire as many people as I want right now.

So I'm hiring. I'm very excited. I'm trying to grow distribution, as I mentioned. I have -- I'm deploying -- I have 4 deployed engineers I'm trying to hire. I have account executives I'm trying to hire. I am doing -- I have a lot of opportunity throughout the world, and that is held back by, wow, there isn't a lot of people to hire. It's actually surprising. So that is kind of the interesting point.

And we've all read this paper, for example, AI 2027, which is 2 years away. And when I talk to a lot of my friends, they're like, oh, well, this is my vision exactly of what's going to happen. And I'm like the self-replicating rocket ships are not quite here yet. I don't know if you've read this book, *We Are Legion (We Are Bob)*, but it's kind of a phenomenon here in Silicon Valley that all these CEOs are reading this one book saying, yes, this is exactly what's going to happen, which kind of what yielded Sam Altman's tweet last week.

And we're not exactly at that point where the computer is completely conscious, has human consciousness and to the point where it's running its own manufacturing facilities, creating its own rocket ships and launching itself into the planet. And to that point, we aren't exactly even to that point yet where all these white-collar jobs are just suddenly disappearing because I think that we realize why AI can do some things. While this is very exciting in the enterprise, we all know it cannot do everything. And it doesn't have the accuracy yet because it's built on a word model.

And word models are inherently not 100% accurate because of the way that the computer science works, where it's, as you all know, this word, that word, this word and then therefore, it's this other word, and there's this kind of matrix between this word and all the other words. But when you look at it, the mathematics don't work out to be 100% accurate. It's in the math, is hallucinogens, which is why people say, oh, the hallucinogenics are a feature because it's not going away with that model. We are going to have to have other models that are going to have to come in the future, world models or multi-century models or other things. But AI is a continuum, and we're not totally there yet.

And in terms of the amount of white-collar jobs that are going to disappear, you're all experts at this point in the current generation of AI. You're using it every day. We're all using it. It doesn't matter who I speak to. Probably all of your children, all of your family members are using it, and you can see how it's impacted. Like people are smarter. They get their medical labs. They ask, "Well, what do you think about this?" But then when you call your doctor, sometimes the doctor goes, "Well, actually, that's not completely true." And we're kind of at this point where it's very good on some things but not for everything. And because of that, even in the enterprise, while there's a lot of things that we can do, edit this press release or write me this speech or whatever, but the reality is, oh, you're probably still going to want to get in there and work on it. And I think we all know that.

So look, we're at an exciting moment in AI, and maybe we're moving into this world where there's going to be like these AI prophets and obviously, I'm a huge fan of Dario's. He's great, amazing person, incredible company, wonderful. But some of these comments, I think, are alarmist and get a little aggressive in the current form of AI today. Not that it's not a great company. And by the way, Salesforce is a huge investor in Anthropic. We love the company, love Dario. We have embedded it into Slack. It's how Slack does its recap and a lot of its little magical things that happen like talking to you in your channels. But it's not at that point. And that's kind of why I've said like Copilot is kind of the new Clippy in a lot of ways because, yes, you can do some things, but it's kind of got overhyped. And we need to show you what you really can do, how you really can transform your enterprise, how the magic is -- really can happen.

And by the way, if you haven't used Tableau Next, this is the best example where you're using Tableau. We all know Tableau. We've loved it. We've used it for 20 years. But now there's an agent there with you and that it's on a data cloud and it's integrated with Slack and all these other things. It's amazing. And that amazing part is what we're going to do more of and -- but we're not ready to like, I think, take the action that Dario suggested. I hope that, that answered your question.

Michael Spencer

Executive Vice President of Investor Relations

Thanks, Mark. Thanks for the question, and thank you, everyone, for joining the call today, and we look forward to seeing everyone over the coming weeks.

Operator

Ladies and gentlemen, this does conclude today's conference call. Thank you for your participation, and you may now disconnect.

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